

**KINGSTREE NURSING FACILITY, INC.**

**KINGSTREE, SOUTH CAROLINA**

**CONTRACT PERIODS  
BEGINNING OCTOBER 1, 1997  
AC# 3-KGS-J6**

**REPORT ON CONTRACT**

**FOR**

**PURCHASE OF NURSING CARE SERVICES**

**WITH**

**STATE OF SOUTH CAROLINA**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 6, 1999

Department of Health and Human Services  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Kingstree Nursing Facility, Inc., for the contract periods beginning October 1, 1997 and for the twelve month cost report period ended September 30, 1996, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Kingstree Nursing Facility, Inc., to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Kingstree Nursing Facility, Inc. dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services  
State of South Carolina  
July 6, 1999

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA  
State Auditor

**KINGSTREE NURSING FACILITY, INC.**

Computation of Rate Change  
For the Contract Periods  
Beginning October 1, 1997  
AC# 3-KGS-J6

	<u>10/01/97- 03/31/98</u>	<u>04/01/98- 09/30/98</u>
Interim reimbursement rate (1)	\$91.65	\$91.65
Adjusted reimbursement rate	<u>89.09</u>	<u>89.09</u>
Decrease in reimbursement rate	\$ <u>2.56</u>	\$ <u>2.56</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 8, 1998

**KINGSTREE NURSING FACILITY, INC.**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period October 1, 1997 Through March 31, 1998  
AC# 3-KGS-J6

	<u>Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.62	\$48.08	
Dietary		9.11	9.74	
Laundry/Housekeeping/Maint.		<u>9.23</u>	<u>7.72</u>	
Subtotal	\$ <u>4.59</u>	58.96	65.54	\$58.96
Administration & Med. Rec.	\$ <u>.86</u>	<u>8.59</u>	<u>9.45</u>	<u>8.59</u>
Subtotal		67.55	<u>\$74.99</u>	67.55
<u>Costs Not Subject to Standards:</u>				
Utilities		2.22		2.22
Special Services		1.86		1.86
Medical Supplies & Oxy.		4.20		4.20
Taxes and Insurance		1.76		1.76
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$77.59</u>		77.59
Inflation Factor (4.40%)				3.41
Cost of Capital				5.84
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				.86
Cost Incentive				4.59
Effect of \$1.75 Cap on Cost/Profit Incentives				(3.70)
Minimum Wage Add On				<u>.50</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u><b>\$89.09</b></u>

**KINGSTREE NURSING FACILITY, INC.**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period April 1, 1998 Through September 30, 1998  
AC# 3-KGS-J6

	<u>Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.62	\$44.95	
Dietary		9.11	9.74	
Laundry/Housekeeping/Maint.		<u>9.23</u>	<u>7.72</u>	
Subtotal	\$ <u>3.45</u>	58.96	62.41	\$58.96
Administration & Med. Rec.	\$ <u>.86</u>	<u>8.59</u>	<u>9.45</u>	<u>8.59</u>
Subtotal		67.55	<u>\$71.86</u>	67.55
<u>Costs Not Subject to Standards:</u>				
Utilities		2.22		2.22
Special Services		1.86		1.86
Medical Supplies & Oxy.		4.20		4.20
Taxes and Insurance		1.76		1.76
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$77.59</u>		77.59
Inflation Factor (4.40%)				3.41
Cost of Capital				5.84
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				.86
Cost Incentive				3.45
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.56)
Minimum Wage Add On				<u>.50</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u><u>\$89.09</u></u>

**KINGSTREE NURSING FACILITY, INC.**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 1996  
AC# 3-KGS-J6

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,019,350	\$ -	\$ 1,154 (1)	\$1,018,196
Dietary	247,121	-	18,758 (1)	228,363
Laundry	11,027	-	-	11,027
Housekeeping	118,269	-	-	118,269
Maintenance	101,957	-	-	101,957
Administration & Medical Records	215,299	-	-	215,299
Utilities	55,528	-	-	55,528
Special Services	46,647	-	-	46,647
Medical Supplies & Oxygen	143,155	-	37,816 (2)	105,339
Taxes & Insurance	47,500	-	3,292 (1)	44,208
Legal Fees	-	-	-	-
Cost of Capital	<u>146,328</u>	<u>-</u>	<u>-</u>	<u>146,328</u>
Subtotal	2,152,181	-	61,020	2,091,161



**KINGSTREE NURSING FACILITY, INC.**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 1996  
AC# 3-KGS-J6

<u>EXPENSES</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	33,069	-	-	33,069
Non-Allowable	<u>139,708</u>	<u>23,204</u> (1)	<u>-</u>	<u>162,912</u>
Total Operating Expenses	<u>\$2,324,958</u>	<u>\$23,204</u>	<u>\$61,020</u>	<u>\$2,287,142</u>
Total Patient Days	<u>25,064</u>	<u>-</u>	<u>-</u>	<u>25,064</u>
Total Beds	<u>70</u>			

**KINGSTREE NURSING FACILITY, INC**  
Adjustment Report  
Cost Report Period Ended September 30, 1996  
AC# 3-KGS-J6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$23,204	
	Nursing		\$ 1,154
	Dietary		18,758
	Taxes and Insurance		3,292
	To remove costs not related to patient care HIM-15-1, Section 2102.3		
2	Other Ancillary Revenue	37,816	
	Medical Supplies		37,816
	To properly offset income against related expense State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$61,020</u>	<u>\$61,020</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.